

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2298 – Fire Fighter/EMS Tax Credit (LSB 6511 SV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version – New

Description

Senate File 2298 provides an individual income tax credit for qualified volunteer firefighters and emergency medical services personnel. Taxpayers that are both qualified firefighters and emergency medical personnel are allowed only one credit. The credit begins at \$25 for tax year 2010 and grows to \$100 in \$25 increments by tax year 2013. The Bill takes effect January 1, 2010.

Assumptions

1. There are approximately 17,000 volunteer firefighter positions and 9,000 volunteer emergency medical services positions in Iowa.
2. Approximately 30.0% of the positions overlap, that is they qualify as both firefighters and emergency medical personnel.
3. The credit is not refundable and cannot be carried forward to future fiscal years.
4. Due to lack of tax liability for some taxpayers, only 86.5% of the calculated tax credit will be utilized.
5. The average tax rate for the local option income surtax for schools is approximately 3.0% statewide.

Fiscal Impact

The tax credit provided in SF 2298 is projected to reduce net General Fund revenue by the following amounts:

- FY 2011 = \$0.4 million
- FY 2012 = \$0.8 million
- FY 2013 = \$1.2 million
- FY 2014 = \$1.6 million

Future fiscal years will have a similar impact as FY 2014.

Local option income surtax for schools revenue will also be reduced by SF 2298. The estimated amount is \$12,000 for FY 2011 with growth to \$47,000 for FY 2014 and beyond.

Sources

Iowa Department of Revenue
Iowa Fire Service Training Bureau
Iowa Department of Public Health
Iowa Firemen's Association

/s/ Holly M. Lyons

March 31, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
